



## CITY OF LODI REDEVELOPMENT AGENCY COUNCIL COMMUNICATION

**AGENDA TITLE:** Review Economic Development/Owner Participation Policies and Conceptual Three-Year Program Budget for the Lodi Community Improvement Project

**MEETING DATE:** February 4, 2009

**PREPARED BY:** Executive Director

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**RECOMMENDED ACTION:** Review the recommended Economic Development/ Owner Participation Policies and conceptual three-year program budget for the Lodi Community Improvement Project.

**BACKGROUND INFORMATION:** The Council has begun to consider implementation steps for the Lodi Community Improvement Project. In August, 2008, the Council adopted policies and procedures for a Residential Paint-up – Fix-up program. In September, 2008, at a Shirtsleeve Meeting, the Council was presented with policies for economic development and the Economic Development Owner Participation Program.

As the initial presentation was at an informal Shirtsleeve meeting, now it is proposed that the Council review a conceptual three-year budget for the programs portion of the Lodi Community Improvement Project at a formal Council Meeting. The "Programs" referred to are all the Community Improvement Project activities excluding housing. In addition to the conceptual program budget, a presentation will be made with regard to the job creation/economic development/ owner participation policies proposed. The Council is encouraged to provide feedback.

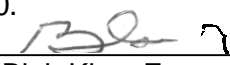
Depending upon the results of Measure "W", the first year's budget for the Lodi Improvement Project will be adopted for Fiscal Year 2009-10.

Attached are proposed policies and tentative projections of tax increment for the next three years


**FISCAL IMPACT:** The budget projections have been based upon a scenario of certain development occurring. It is unknown whether or not the development will occur. The proposed programs are self-funding, they should generate revenue to pay for their cost. The policies and programs expand the tax base which in turn creates more revenue to be reinvested in additional job creation and economic expansion.

Estimated Revenue:

FY 09-10:	Housing Set Aside - \$100,000
	Programs - \$300,000
FY 10-11:	Housing Set Aside - \$225,000
	Programs - \$700,000
FY 11-12:	Housing Set Aside - \$390,000
	Programs - \$1,213,000.

  
Blair King, Executive Director

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APPROVED:   
Blair King, City Manager

# **CITY OF LODI REDEVELOPMENT AGENCY**

## **POLICIES OWNER PARTICIPATION ASSISTANCE**

**PURPOSE:** Pursuant to the objectives of the Lodi Community Improvement Project, Owner Participation Agreements (OPAs) will provide financial assistance to rehabilitate structures, develop new facilities, encourage private investment, improve the tax base, promote commercial and industrial development, and create employment.

**USE OF FUNDS:** Reimburse costs to rehabilitate existing and develop new commercial, retail, or industrial property located within the boundaries of the Lodi Community Improvement Project. In addition to construction expenses, funds may be used to reimburse fees, permits, "impact fees," mitigation fees, architectural and design fees, infrastructure costs, off-site improvements, parking lots, equipment costs, fixtures and furnishings, façade improvements, and land acquisition costs. Priority will be given to projects requesting off-site improvements owned by the city/agency upon completion, such as public parking lots, sewer/water lines, electric facilities, street improvements, etc. Note: some forms of assistance may trigger state prevailing wage requirements.

**ELIGIBILITY:** The project must result in increased assessed valuation. The site must be within the boundaries of the Lodi Community Improvement Project. A financial gap must be demonstrated that prevents a reasonable return on investment. Assistance must be requested prior to the issuance of the Certificate of Occupancy. The Agency will not offer assistance to relocate automobile dealerships or big box retailers within the Lodi market area nor to develop automobile dealerships or big box retailers on any parcel five acres or larger that has not been previously developed for urban use. The Agency will not offer assistance for acquisition, construction, or improvement for gambling or gaming sites.

**FUNDING LIMITS:** Funding shall be analyzed based upon the return to the city/agency in increased property value, taxes (including sales, transient occupancy, and business licenses), job creation, and the ability to eliminate crime, and stimulate other economic development activity. Funding limits shall be negotiated on a case-by-case basis contingent upon the benefits and financial return to the city/agency.

**APPLICATION PROCEDURE:** Potential participants shall complete a project information summary that will include, but is not limited to, the following information: project description, estimated full value of property after improvements, total estimated payroll, total square footage created, estimated cost detail, and proposed financing.

Staff will summarize the project information and seek the Agency's approval to enter into negotiations for the purpose of drafting an OPA (step one). If the Agency should grant its consent, an OPA will be negotiated (step two). The draft OPA will be presented to the Agency for approval or modification (step three).

**RESTRICTIONS:** Funds provided directly to an owner/developer will be provided on a reimbursement basis only. Reimbursements will be made upon Certificate of Occupancy or other acceptable documentation of project completeness. Assistance must be requested prior to the issuance of a Certificate of Occupancy. Owner must expressly agree to nondiscrimination and nonsegregation that shall run with the land with regard to sale, lease, sublease, use, enjoyment or occupancy.

**FEES:** There is no application fee for the Owner Participation Program. All other city permit and application fees apply.

February 4, 2009

# **Lodi Community Improvement Project**

## **Three-year budget projection**

### **FY 2009-2010:**

- Housing Set-Aside: \$100,000
- Other Programs: \$300,000

### **FY 2010-2011:**

- Housing Set-Aside: \$225,000
- Other Programs: \$700,000

### **FY 2011-2012:**

- Housing Set-Aside: \$390,000
- Other Programs: \$1,213,000

## **“Other Programs” budgets**

### **FY 2009-10**

**Jobs/OPA/Econ. Development:** **\$300,000**

- Promotion \$ 30,000
- Owner Participation Agreement \$270,000

### **Capital Projects**

#### **Facilities**

**Total** **\$300,000**

### **FY 2010-11**

**Jobs/OPA/Econ. Development:** **\$330,000**

- Promotion \$30,000
- Owner Participation Agreement \$300,000

**Capital Projects:** **\$150,000**

- Water meter program?
- Lodi Avenue?
- Cherokee Lane rehabilitation?

**Facilities:** **\$150,000**

**Administration:** **\$ 70,000**

**Total** **\$700,000**

### **FY 2011-12**

**Jobs/OPA/Econ. Development:** **\$561,000**

- Promotion \$ 30,000
- Owner Participation Agreements \$531,000

**Capital Projects:** **\$291,000**

- Water meter program?
- Lodi Avenue?
- Cherokee Lane rehabilitation?

**Facilities:** **\$291,000**

**Administration:** **\$ 70,000**

**Total** **\$1,213,000**

## **Housing Set-Aside budgets**

### **FY 2009-10**

- Residential Paint-Up Fix-Up: \$90,000
- Senior Housing:
- Transitional Youth:
- Infill First-Time Home Buyers:
- Administration: \$10,000
- Total** **\$100,000**

### **FY 2010-11**

- Residential Paint-Up Fix-Up: \$ 90,000
- Senior Housing: \$125,000
- Transitional Youth:
- Infill First-Time Home Buyers:
- Administration: \$ 10,000
- Total** **\$225,000**

### **FY 2011-12**

- Residential Paint-Up Fix-Up: \$90,000
- Senior Housing: \$290,000
- Transitional Youth:
- Infill First-Time Home Buyers:
- Administration: \$10,000
- Total** **\$390,000**

# Lodi Community Improvement Project

**Lodi City Council**  
**February 4, 2009**



# Lodi Community Improvement Project

## Three-year budget projection

### **FY 2009-2010:**

- Housing Set-Aside: \$100,000
- Other Programs: \$300,000

### **FY 2010-2011:**

- Housing Set-Aside: \$225,000
- Other Programs: \$700,000

### **FY 2011-2012:**

- Housing Set-Aside: \$390,000
- Other Programs: \$1,213,000



# Lodi Community Improvement Project

# “Other Programs” budget FY 2009-10

**Jobs/OPA/Econ. Development:      \$300,000**

- Promotion \$ 30,000
- Owner Participation Agreement \$270,000

# Capital Projects

## Facilities

<b>Total</b>	<b>\$300,000</b>
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# Lodi Community Improvement Project

## **“Other Programs” FY 2010-11**

<b>Jobs/OPA/Econ. Development:</b>	<b>\$330,000</b>
● Promotion	\$30,000
● Owner Participation Agreement	\$300,000
<b>Capital Projects:</b>	<b>\$150,000</b>
● Water meter program?	
● Lodi Avenue?	
● Cherokee Lane rehabilitation?	
<b>Facilities:</b>	<b>\$150,000</b>
<b>Administration:</b>	<b>\$ 70,000</b>
<b>Total</b>	<b>\$700,000</b>

# Lodi Community Improvement Project

## **“Other Programs” FY 2011-12**

<b>Jobs/OPA/Econ. Development:</b>	<b>\$561,000</b>
● Promotion	\$ 30,000
● Owner Participation Agreements	\$531,000
<b>Capital Projects:</b>	<b>\$291,000</b>
● Water meter program?	
● Lodi Avenue?	
● Cherokee Lane rehabilitation?	
<b>Facilities:</b>	<b>\$291,000</b>
<b>Administration:</b>	<b>\$ 70,000</b>
<b>Total</b>	<b>\$1,213,000</b>

# Lodi Community Improvement Project

## **Housing Set-Aside budget FY 2009-10**

● Residential Paint-Up Fix-Up:	\$90,000
● Senior Housing:	
● Transitional Youth:	
● Infill First-Time Home Buyers:	
● Administration:	\$10,000
<b>Total</b>	<b>\$100,000</b>

# Lodi Community Improvement Project

## Housing Set-Aside FY 2010-11

● Residential Paint-Up Fix-Up:	\$ 90,000
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● Administration:	\$ 10,000
<b>Total</b>	<b>\$225,000</b>

# Lodi Community Improvement Project

## Housing Set-Aside FY 2011-12

● Residential Paint-Up Fix-Up:	\$90,000
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● Infill First-Time Home Buyers:	
● Administration:	\$10,000
<b>Total</b>	<b>\$390,000</b>

## **Policy considerations**

Tax Increment Incentive Programs for:

- ? Jobs
- ? Owner Participation Agreements
- ? Economic Development

## **Policy consideration No. 1**

Should the City directly support economic development?

Proposed policy:

- ? *Provide direct financial assistance on a case-by-case basis.*
- ? *Have funds available for public improvements.*



## **Policy consideration No. 2**

Should funds be advanced prior to construction or completion, or reimbursed upon project completion?

Proposed policy:

*Reimbursed, except if the City is constructing publicly owned infrastructure in support of the development.*

## Policy consideration No. 3

What can funds be used for?

Proposed policy:

- ? *Broad range of development costs, except financing.*
- ? *Priority for projects that result in the city/agency constructing publicly owned off-site improvements.*
- ? *Legal limitations on some businesses: Gambling, big box retailers and automobile dealerships relocated from other communities on previously undeveloped parcels of five acres or larger.*

## **Policy consideration No. 4**

Should funds be available for financing?

Proposed policy:

*Funds are available on a reimbursement basis for almost all development costs except financing.*

## **Policy consideration No. 5**

- ? Should the amount of funding be directly related to the amount of improvements?
- ? Should there be a hard cap on the amount of funding that any one project receives?

Proposed policy:

*No funding limit. Negotiate funding on a case-by-case basis contingent upon the benefits and financial return to the City/agency.*

## **Policy consideration No. 6**

Can assistance be requested after the project is completed?

Proposed policy:

*Assistance must be requested prior to Certificate of Occupancy.*